



RBA:
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION

AGENDA ITEM NO: 7
AGENDA DATE: 08/06/2009
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SUBJECT: Approve the negotiation and execution of a loan to THE MULHOLLAND GROUP, LLC, or its affiliate organization, under the Rental Housing Development Assistance Program, in an amount not to exceed \$3,000,000, in compliance with applicable affordable housing general obligation bond financing requirements and performance goals, to assist in the acquisition and rehabilitation of a 476-unit mixed-income apartment complex for low- and moderate-income families at 8600 North Lamar Boulevard, subject to the award of low income housing tax credits to this project by the Texas Department of Housing and Community Affairs in its 2009 competitive tax credit cycle.

AMOUNT & SOURCE OF FUNDING: Funding is subject to availability and the approval of the Fiscal Year 2009-2010 Austin Housing Finance Corporation budget allocation under the Rental Housing Development Assistance Program using proceeds from General Obligation Affordable Housing Bonds.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING
DEPARTMENT: Austin Housing Finance Corporation

FOR MORE INFORMATION CONTACT: Margaret R. Shaw, Treasurer, Austin Housing Finance Corporation, 974-3184

PRIOR COUNCIL ACTION:

PRIOR BOARD ACTION:

Approval of funding will allow The Mulholland Group, LLC, or its affiliate organization, to acquire and rehabilitate the Malibu Apartments, an existing 476-unit apartment complex located on 14.2 acres at 8600 North Lamar Boulevard. The property is 1.5 miles from the North Lamar light-rail transit station and comprises 21 residential two-story buildings that include 276 efficiency apartments, 112 one-bedroom units, and 88 two-bedroom units. The complex currently also includes a clubhouse, leasing office, and maintenance building.

As proposed, the 476-unit complex will be acquired and redeveloped as a mixed-income rental housing community that will include 433 affordable units. Of the 433 units, 22 units will be reserved for families with yearly household incomes of no more than 30 percent of the Austin area median family income (MFI currently \$22,000 for a four-person household), 193 units for families with yearly household incomes of no more than 50 percent of the MFI (currently \$36,650 for a four-

person household), 213 units for families with yearly household incomes of no more than 60 percent of the MFI (currently \$44,000 for a four-person household), 5 units for families with yearly incomes not to exceed 80 percent of the MFI (currently \$58,650 for a four-person household), and the remaining 43 units will be available for families with unrestricted yearly incomes. Projected monthly rents for the income restricted units range from \$315 for efficiencies, \$605 for one-bedroom units and \$684 for two-bedroom units. A minimum of 48 units will be made accessible for families with mobility disabilities and 10 units will be made accessible for families with hearing and vision disabilities.

Upon completion, the property will include the addition of ceiling fans, large double-glazed windows, mini-blinds, larger walk-in closets, a business center, furnishings in the community/activity room, fitness center and management office. Supportive services for residents will include social and recreational activities, and information and referral for a variety of services as needed by residents through appropriate local social services providers.

The request for funding was received in response to a Notice of Funding Availability (NOFA) under the Rental Housing Development Assistance (RHDA) Program using proceeds from Affordable Housing General Obligation Bonds (GO Bonds). The Housing Bond Review Committee reviewed the funding application and supports the project. The project meets the major goals for GO Bond funding: preserving existing affordable rental units, deeper levels of affordability (30 percent MFI); long-term affordability (99 years); and geographic dispersion due to its location on North Lamar Boulevard in close proximity to public transportation. The project will be developed in accordance with applicable environmental review requirements and meet S.M.A.R.T. Housing™ standards.

Board approval will permit staff to make a commitment of RHDA program funds for the development of the project. The commitment is necessary to facilitate the final approval and award of federal low income housing tax credits by the Texas Department of Housing and Community Affairs. RHDA Program funds are also contingent upon approval of private lender financing.

Following Board approval and if the project is awarded low income housing tax credits, an RHDA program loan will be negotiated and executed with The Mulholland Group, LLC, or its affiliate organization, in an amount not to exceed \$3,000,000 for a term of 99 years at zero percent interest, or such other terms as determined necessary and appropriate to finance the project. Repayment of the loan will be deferred on a yearly basis and forgiven at the end of the 99-year period subject to compliance with the loan agreement. Estimated sources and uses of funds for project development are as follows:

<u>Sources:</u>		<u>Uses:</u>	
RHDA GO Bond funding	\$ 3,000,000	Acquisition	\$13,500,000
Low-Income Housing Tax Credits	17,890,386	Construction costs	14,560,991
Deferred developer fee	1,968,970	Soft/carrying costs	2,416,767
Private financing	<u>12,301,360</u>	Developer fee	4,250,000
Total	\$35,160,716	Reserves	<u>432,958</u>
		Total	\$35,160,716

The Mulholland Group, LLC and its affiliates, currently owns or controls more than 2,350 residential multi-family apartment units in three states. The organization, established in 1991,

routinely develops affordable housing by raising equity through the sale of Low Income Housing Tax Credits and the use of tax-exempt 501(c)3 bonds. Since its inception, the organization has facilitated the acquisition or financing of over 6,500 units of multi-family housing in five states with a total development cost of nearly \$500 million.

The project and the request for funding is consistent with the City of Austin's currently approved Consolidated Plan and the Austin Housing Finance Corporation's strategy to provide assistance through below market-rate financing for the development of affordable rental housing for low- and moderate-income households and persons with special needs.